

WHITE CASTLE VOLUNTEER FIRE DEPARTMENT, INC.

White Castle, Louisiana

FINANCIAL REPORT

(Compiled)

September 30, 2012

WHITE CASTLE VOLUNTEER FIRE DEPARTMENT, INC.
White Castle, Louisiana

TABLE OF CONTENTS

September 30, 2012

	<u>Exhibit</u>	<u>Page</u>
INDEPENDENT ACCOUNTANTS' COMPILATION REPORT		1
FINANCIAL STATEMENTS		
Statements of Financial Position	A	2
Statements of Activities	B	3
Statements of Cash Flows	C	4
Notes to Financial Statements	D	5



INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Directors
White Castle Volunteer Fire Department, Inc.
White Castle, Louisiana

We have compiled the accompanying statements of financial position of the **WHITE CASTLE VOLUNTEER FIRE DEPARTMENT, INC.** (a non-profit organization) (Department) as of September 30, 2012 and 2011, and the related statements of activities, and cash flows for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
January 7, 2013

WHITE CASTLE VOLUNTEER FIRE DEPARTMENT, INC.

White Castle, Louisiana

STATEMENTS OF FINANCIAL POSITION

September 30, 2012 and 2011

(See Independent Accountants' Compilation Report)

ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Cash	\$ 29,784	\$ 33,473
Certificates of deposit	44,960	44,807
Due from Iberville Parish Council	<u>11,777</u>	<u>11,038</u>
Total current assets	86,521	89,318
PROPERTY AND EQUIPMENT- net	<u>175,151</u>	<u>222,782</u>
Total assets	<u>\$ 261,672</u>	<u>\$ 312,100</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Current portion of long-term debt	\$ 32,551	\$ 36,501
Accounts payable	<u>7,042</u>	<u>8,473</u>
Total current liabilities	39,593	44,974
LONG-TERM DEBT - net of current portion	<u>31,236</u>	<u>63,787</u>
Total liabilities	70,829	108,761
NET ASSETS - unrestricted	<u>190,843</u>	<u>203,339</u>
Total liabilities and net assets	<u>\$ 261,672</u>	<u>\$ 312,100</u>

The accompanying notes to the financial statements
are an integral part of this statement.

WHITE CASTLE VOLUNTEER FIRE DEPARTMENT, INC.

White Castle, Louisiana

STATEMENTS OF ACTIVITIES

For the years ended September 30, 2012 and 2011

(See Independent Accountants' Compilation Report)

	<u>2012</u>	<u>2011</u>
REVENUES AND SUPPORT		
Sales tax proceeds	\$ 134,558	\$ 126,130
Contributed supplies	17,357	30,104
Contributions from Bayou Goula Volunteer Fire Department & Rescue Services, Inc.	6,812	6,524
Interest	790	530
Donations	500	2,800
Tax rebate	<u>361</u>	<u>14,636</u>
 Total revenues and support	 <u>160,378</u>	 <u>180,724</u>
 EXPENSES		
Depreciation	65,422	75,287
Supplies	25,500	28,280
Office	20,675	26,098
Maintenance	18,993	22,633
Payroll	18,360	14,140
Contributed supplies	17,357	30,104
Interest	4,798	6,288
Training	406	6,085
Other	<u>1,363</u>	<u>12,226</u>
 Total expenses	 <u>172,874</u>	 <u>221,141</u>
 Decrease in net assets	 (12,496)	 (40,417)
 NET ASSETS		
Beginning of year	<u>203,339</u>	<u>243,756</u>
 End of year	 <u>\$ 190,843</u>	 <u>\$ 203,339</u>

The accompanying notes to the financial statements
are an integral part of this statement.

WHITE CASTLE VOLUNTEER FIRE DEPARTMENT, INC.

White Castle, Louisiana

STATEMENTS OF CASH FLOWS

For the years ended September 30, 2012 and 2011

(See Independent Accountants' Compilation Report)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (12,496)	\$ (40,417)
Adjustments to non-cash items:		
Depreciation	65,422	75,287
Change in operating assets and liabilities:		
Due from Iberville Parish Council	(739)	2,398
Accounts payable	<u>(1,431)</u>	<u>(4,526)</u>
Net cash provided by operating activities	<u>50,756</u>	<u>32,742</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(17,791)	(9,974)
Investments in certificate deposits	<u>(153)</u>	<u>(1,401)</u>
Net cash used by investing activities	<u>(17,944)</u>	<u>(11,375)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on long-term debt, including capital leases	<u>(36,501)</u>	<u>(35,925)</u>
Net decrease in cash	(3,689)	(14,558)
CASH		
Beginning of year	<u>33,473</u>	<u>48,031</u>
End of year	<u>\$ 29,784</u>	<u>\$ 33,473</u>
SUPPLEMENTAL DATA:		
Interest paid	<u>\$ 4,798</u>	<u>\$ 6,288</u>

The accompanying notes to the financial statements
are an integral part of this statement.

WHITE CASTLE VOLUNTEER FIRE DEPARTMENT, INC.

White Castle, Louisiana

NOTES TO FINANCIAL STATEMENTS

(See Independent Accountants' Compilation Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

White Castle Volunteer Fire Department, Inc. (Department) is a non-profit corporation that provides fire protection, emergency medical service, and hazardous materials handling to the citizens of the Town of White Castle (the Town) and its outlying areas.

Basis of accounting

The Department maintains its financial statements and related records on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable and expenses are recognized in the period incurred, if measurable.

The Department reports information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Department does not have any temporarily or permanently restricted net assets at September 30, 2012 and 2011.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation and contributed support in these financial statements.

Income Taxes

The Department is a not-for-profit organization that is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Department follows the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly, has not recognized a liability for any unrecognized tax benefits. The Department's open audit periods are 2009 through 2011.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The Department is primarily funded by an allocation of dedicated parish-wide sales tax proceeds. Supplementary funding is provided by donations solicited from the general public, local businesses, and civic organizations, which are recognized as received.

Cash and cash equivalents

For purposes of the statement of cash flows, the Department considers cash in bank accounts as cash. Cash equivalents include investments with original maturities of three months or less. The Department has no cash equivalents at September 30, 2012 and 2011. The Department typically maintains cash at a local bank that may, at times, exceed the FDIC limits. Management believes the risk is limited.

Certificates of deposit

Financial Accounting Standards Board (FASB) Accounting Standards Codification, (ASC 820), establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs (sources of pricing information) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement.

Certificates of deposit are recorded at cost, which approximates fair market value using level 2 inputs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value of financial instruments

The carrying value of cash, due from Iberville Parish Council, and accounts payable approximates fair value due to the short-term maturity of these instruments. The carrying value of short and long-term debt approximates fair value based on the current rates offered for debt of comparable maturities and collateral requirements. Financial instruments are not held for trading purposes.

Property, equipment, and depreciation

Equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated service lives of the assets.

NOTE 2 - CERTIFICATES OF DEPOSIT

At September 30, 2012 and 2011, the Department held certificates of deposit (CD) with a market value and cost of \$44,960 and \$44,807, respectively. Interest earnings are reinvested into the CD and therefore fair market value equals the cost of the investment.

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment, related service lives, and accumulated depreciation at September 30, 2012 and 2011, is as follows:

Description	Estimated Service Lives	2012	2011
Buildings and improvements	30 years	\$ 102,998	\$ 102,998
Training facility	30 years	39,768	31,422
Land improvements	10 years	8,460	8,460
Fire trucks - pledged	10 years	349,668	349,668
Vehicles	5 years	20,655	20,655
Equipment	3-7 years	<u>406,567</u>	<u>397,122</u>
		928,116	910,325
Less accumulated depreciation		<u>(752,965)</u>	<u>(687,543)</u>
		<u>\$ 175,151</u>	<u>\$ 222,782</u>

Depreciation expense was \$65,422 and \$75,287 for the years ended September 30, 2012 and 2011, respectively.

A fire truck was purchased during 2004 for \$220,309, under a capital lease arrangement. Amortization of such equipment is included in depreciation expense. Accumulated amortization for such equipment was \$178,084 and \$156,053 at September 30, 2012 and 2011, respectively.

NOTE 4 - ECONOMIC DEPENDENCY

The Department derives a significant portion of its revenues from a dedicated parish-wide sales tax, the loss of which would have a material adverse affect. During the years ended September 30, 2012 and 2011, revenue derived from governmental sources (the Iberville Parish Council and the Town of White Castle) accounted for approximately 95% and 94%, respectively, of total revenue.

NOTE 5 - LONG-TERM DEBT

A summary of long-term debt at September 30, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Lease payable in annual installments of \$27,938, including interest at 4.57%, maturing in September 2014, secured by a vehicle.	\$ 52,270	\$ 76,703
Note payable in monthly installments of \$576, including interest at 5.25%, maturing in May 2014, secured by the deposit accounts. Bayou Goula Volunteer Fire & Rescue Services, (Bayou Goula) and the Department were co-signers on the loan. See Note 6.	11,008	17,169
Note payable in monthly installments of \$511, including interest at 6.00%, maturing in October 2012, secured by the deposit accounts. Bayou Goula and the Department were co-signers on the loan. See Note 6.	<u>509</u>	<u>6,416</u>
	63,787	100,288
Less current maturities	<u>(32,551)</u>	<u>(36,501)</u>
Long-term portion	<u>\$ 31,236</u>	<u>\$ 63,787</u>

The future maturities of long-term debt are as follows:

<u>September 30,</u>	<u>Amount</u>
2013	\$ 32,551
2014	<u>31,236</u>
Total	<u>\$ 63,787</u>

The future minimum lease payments, inclusive of interest expense, are \$67,914; the interest component is \$4,127 and annual payments are \$31,236 through 2014.

NOTE 6 - RELATED PARTY TRANSACTIONS

Since the Department provides a service that would otherwise be provided by the Town of White Castle (Town), the Town provides support. The Town assumes certain costs and provides the facilities and equipment used by the Department. The equipment has an original cost of approximately \$628,013 which is not included in the equipment described in Note 3.

The Town budgets an amount to be expended in the purchase of various supplies for the Department. The amount of such expenditures in 2012 and 2011 was \$17,357 and \$30,104 respectively, and is included in the financial statements.

The Department receives allocated sales tax proceeds from the Iberville Parish Council in exchange for providing fire protection to certain areas of the Parish extending beyond city limits.

The Department is co-signer on two notes payable with Bayou Goula (See Note 5). The first loan was obtained in 2009 to finance the construction of a training facility that will be utilized by both entities. The loan has been recorded in the Department's financial statements as all proceeds and construction disbursements are being recorded by the Department. Bayou Goula pays for half of the monthly debt service. These payments have been recorded in the financial statements as a contribution from Bayou Goula to the Department, and totaled \$3,746 and \$3,458 for the years ended September 30, 2012 and 2011, respectively

The second loan was obtained in 2010 to finance a vehicle that will be utilized by both entities. The loan has been recorded in the Department's financial statements. Bayou Goula pays one - half of the monthly debt service. These payments have been recorded in the financial statements as a contribution from Bayou Goula to the Department, and totaled \$3,066 for each of the years ended September 30, 2012 and 2011, respectively.

NOTE 7 - SUBSEQUENT EVENTS

In preparing the financial statements, the Department has evaluated events and transactions for potential recognition or disclosure through the date of the independent accountants' compilation report which is the date that the financial statements were available to be issued.